Megnaway Enterprise Sdn Bhd v Soon Lian Hock (sole proprietor of the firm Performance Audio & Car Accessories Enterprise)

HIGH COURT (MELAKA) — SUIT NO MT1–22–155 OF 2001
LOW HOP BING J
12 JANUARY 2009

Trade Marks — Infringement of — Whether defendant infringed plaintiff's trademark — Allegation of infringement of copyright and unlawful interference with plaintiff's trade or business — Application for injunction to restrain defendant from infringing plaintiff's registered trademark and damages — Whether infringement established — Whether plaintiff entitled to injunction and damages

The plaintiff's claim was based on the defendant's infringement of their copyright and unlawful interference with the plaintiff's trade or business. The plaintiff sought, inter alia, an injunction to restrain the defendant from the infringement and interference and damages for the infringement. The plaintiff was a private limited company carrying on the business of manufacturing and distributing the anti-car theft system made specifically for Proton and Perodua cars, sold under the trademark 'THEF-PRO', since 1991. Meanwhile, the defendant was the sole proprietor of a business, selling car accessories. The plaintiff alleged that the defendant had infringed and was continuing to infringe the plaintiff's copyright by distributing, selling, offering or exposing for sale metal components of an anti-theft system, sold under the trademark 'SAFETY-FIRST ANTI-CAR THEFT SYSTEM', which were reproductions of the whole work or substantial reproductions of the plaintiff's artistic work in the drawings of the metal components in Malaysia without the plaintiff's licence or consent. Since the defendant was selling and distributing to the public infringing goods under the above trademark, it followed that the defendant had also infringed the plaintiff's copyright in the drawings. The defendant had business dealings with and sold the anti-theft system bearing the trademark 'SAFETY-FIRST' to one Kelvin Lee of Mobilesave Trading which was based in Melaka. By way of a trap purchase conducted by the plaintiff's manager, the plaintiff obtained evidence that the defendant was selling, offering for sale and distributing the infringing goods.

Held, allowing the plaintiff's claim:

(1) The plaintiff's artistic work came within the ambit and purview of s 7(3)(a) ie, in terms of sufficient effort which had been expended to make the artistic work original in character, and the degree of effort, skill or labour expended was inextricably linked to the originality of the work. It was evident that the plaintiff's rights covered not only the drawings of the metal components for an anti-theft system but extended to the metal components thereof which the plaintiff had manufactured, based on the drawings. The copyright (of the drawings and the metal components for the anti-theft system which are three-dimensional reproductions of the drawings) subsisted in favour of the plaintiff (see paras 26–28).

(2) In copyright law, once substantial similarity is established, a prima facie presumption of copying by the defendant arises and the burden is shifted to the defendant to rebut the causal connection. When comparing the metal components found in the 'SAFETY-FIRST ANTI-CAR THEFT SYSTEM' sold by the defendant, with the plaintiff's metal components and drawings, there existed substantial objective similarity between them. A substantial part of the defendant's metal components were identical and/or substantially similar to the metal components or the drawings of the plaintiff (see paras 43 & 46).

(3) The fact that the defendant had sold and was selling anti-theft system undoubtedly established an infringement of copyright on the part of the defendant under s 13(1)(e) ie, by distributing infringing copies to the public by sale. The right to distribute the work or any reproduction thereof is vested exclusively on the copyright owner or its licensee and this right extends to copies or any reproduction of the works (see para 47).

(4) By selling, offering for sale and distributing an anti-theft system which was infringing the plaintiff's copyright, the defendant had interfered with the plaintiff's trade. The unlawful means employed here was the act of selling, offering for sale and distributing an infringing copy of the plaintiff's anti-theft system. As a result of the defendant's unlawful interference with the plaintiff's trade, the plaintiff's goodwill and reputation have been injured with direct and indirect negative consequences on the plaintiff's sales. In the circumstances, the defendant was liable to the plaintiff for the tort of unlawful interference with the plaintiff's trade or business (see paras 50–53).

[Bahasa Malaysia summary

Tuntutan plaintif adalah berasaskan pelanggaran hakcipta dan gangguan menyalahi undang-undang terhadap perdagangan atau perniagaan plaintif. Plaintif memohon, antara lain, untuk suatu injunksi menghalang defendan daripada pelanggaran dan gangguan; dan ganti rugi atas pelanggaran tersebut. Plaintif merupakan syarikat sendirian berhad yang menjalankan perniagaan mengeluar dan mengedar sistem anti-curi kereta yang direka khusus untuk kereta Proton dan Perodua, dijual dengan cap dagang 'THEF-PRO', sejak 1991. Manakala defendan merupakan peniaga tunggal yang menjual aksesori kereta. Plaintif mendakwa bahawa defendan melanggar dan terus-terusan melanggar hakcipta plaintif dengan mengedar, menjual, menawar atau mempamer bagi tujuan menjual komponen-komponen besi sistem anti-curi, dijual dengan cap dagang 'SAFETY-FIRST ANTI-CAR THEFT SYSTEM', yang mana merupakan peniruan keseluruhan atau kebanyakan hasil seni plaintif dalam rekaan komponen-komponen besi, di Malaysia, tanpa lesen atau kebenaran daripada plaintif. Memandangkan defendan menjual dan mengedar kepada umum barangan yang melanggar hak cipta menggunakan cap dagang tersebut, maka tentunya defendan juga melanggar hakcipta plaintif dalam lukisan rekabentuk barangan tersebut. Defendan mempunyai urusan perniagaan dengan dan telah pun menjual sistem anti-curi di bawah cap dagang 'SAFETY-FIRST' kepada Kelvin Lee dari Mobilesave Trading, yang berpusat di Melaka. Untuk memerangkap defendan, pengurus plaintif telah membuat satu pembelian sebagai perangkap dan berjaya memperoleh bukti bahawa defendan sememangnya menjual, menawar untuk menjual dan mengedar barangan yang melanggar hakcipta tersebut.

Diputuskan, membenarkan tuntutan plaintif:

(1) Kerja-kerja seni plaintif terangkum dalam s 7(3)(a) Akta Hakcipta 1987, iaitu dalam usaha menjadikan kerja seni itu asli sifatnya, dan juga tahap usaha, kemahiran atau usaha yang dilaburkan amat berkait rapat dengan keaslian kerja-kerja tersebut. Adalah jelas bahawa hak plaintif bukan sahaja terhadap lukisan rekabentuk komponen-komponen besi bagi sistem tersebut, malah terhadap komponen-komponen besi tersebut, yang dikeluarkan oleh plaintif berpandukan lukisan itu. Hakcipta (terhadap lukisan rekabentuk dan juga komponen-komponen besi sistem anti-curi yang merupakan penghasilan tiga dimensi lukisan itu) adalah jelas berpihak kepada plaintif (lihat perenggan 26–28).

(2) Dalam undang-undang hakcipta, apabila wujudnya persamaan yang substansial, anggapan prima facie bahawa defendan meniru berbangkit dan beban pembuktian berpindah kepada defendan untuk menunjukkan hubungan yang mengaitkan. Apabila membandingkan

komponen-komponen besi 'SAFETY-FIRST ANTI-CAR THEFT SYSTEM' yang dijual oleh defendan dengan komponen-komponen besi dan lukisan rekabentuk milik plaintif, dapat dilihat wujudnya persamaan objektif yang substansial antara keduanya. Sebahagian besar komponen-komponen besi defendan adalah seiras dan/atau sebahagian besarnya serupa dengan komponen-komponen besi dan lukisan rekabentuk plaintif (lihat perenggan 43 & 46).

(3) Fakta bahawa defendan telah dan sedang menjual sistem anti-curi jelas menunjukkan pelanggaran hakcipta oleh pihak defendan di bawah s 13(1)(e) Akta, iaitu perbuatan mengedar barangan yang melanggar hak cipta tersebut untuk jualan umum. Hak untuk mengedar hasil ciptaan tersebut atau sebarang penghasilan barangan itu diberikan eksklusif kepada pemilik hakcipta atau pemegang lesen dan hak itu meliputi hak terhadap barangan tiruan atau penghasilan barangan tersebut (lihat perenggan 47).

(4) Dengan menjual, menawar untuk menjual dan mengedar sistem anti-curi melanggar hakcipta plaintif, defendan telah mengganggu perniagaan plaintif. Cara yang tidak sah yang digunakan di sini ialah tindakan menjual, menawar untuk menjual dan mengedar barangan tiruan yang melanggar hak cipta sistem anti-curi plaintif. Akibat daripada gangguan defendan terhadap perniagaan plaintif, nama baik dan reputasi plaintif telah tergugat dengan memberi kesan negatif secara langsung atau tidak langsung atas jualan plaintif. Dalam keadaan-keadaan ini, defendan bertanggungan terhadap plaintif atas kesalahan tort gangguan menyalahi undang-undang berkenaan perdagangan atau perniagaan plaintif (lihat perenggan 50–53).]

Notes

For a case on whether defendants infringed plaintiff's trademark, see 12 *Mallal's Digest* (4th Ed, 2005 Reissue) para 2018.

Cases referred to

A-One Accessory Imports Pty Ltd & Ors v Off Road Imports Pty Ltd & Ors (1996) 144 ALR 559, FC (refd)

AUVI Trademark; Auvi Pte Ltd, Re v Seah Siew Tee & Anor [1992] 1 SLR 639, HC (refd)

Autodesk Australia Pty Ltd and Another v Cheung (1990) 94 ALR 472, FC (refd)

General Tyre and Rubber Co v Firestone Tyre & Rubber Co [1976] RPC 197, HL (refd)

H & R Johnson (Malaysia) Bhd v H & R Johnson Tiles Limited & Anor [1998] 4 MLJ 13; [1995] 2 CLJ 581, HC (refd)

Hanfstaengl v WH Smith & Sons [1905] 1 Ch 519, HC (refd)

Inchape Malaysia Holdings Bhd v RB Gray & Anor [1985] 2 MLJ 297, SC (refd)
Longman Malaysia Sdn Bhd v Pustaka Delta Pelajaran Sdn Bhd [1987] 2 MLJ 359, HC (refd)
Peko Wallsend Operations Ltd & Ors v Linatex Process Rubber Bhd and another action [1993] 1 MLJ 225, HC (refd)
Prior v Lansdowne Press Pty Ltd [1977] VR 65, SC (refd)
Purefoy Engineering Co Ltd v Sykes Boxall & Co Ltd (1955) 72 RPC 89 (refd)
Ravencroft v Herbert [1980] RPC 193 (refd)
Stesin Pty Ltd and Another v Johnson and Others [1995] 29 IPR 461 (refd)
Sutherland Publishing Co Ltd v Caxton Publishing Co Ltd [1936] Ch 323, CA (refd)

Legislation referred to

Copyright Act 1987 ss 3, 13(1), 13(1)(e), 26, 26(2)(b), 36(1), 37, 37(1), (2)

Wendy Lam Mei Kuan (V Chong W Wendy) for the plaintiff.
Peter CS Gan (Hock & Associates) for the defendant.

Low Hop Bing J:

THE PLAINTIFF'S CLAIM

[1] The plaintiff's claim is based on the defendant's infringement of the plaintiff's copyright; and unlawful interference with the plaintiff's trade or business. The plaintiff seeks:

(1) An injunction to restrain the defendant from the infringement and interference ('the injunction');

(2) An order for delivery up, within seven days from the date of judgment, and to file an affidavit verifying the same;

(3) An order for disclosure, within seven days from the date of judgment, and to file an affidavit verifying the same;

(4) Damages for copyright infringement;

(5) (Withdrawn);

(6) Damages for unlawful interference with the plaintiff's trade or business;

(7) Additional damages under s 37(2) of the Copyright Act 1987; (a reference hereinafter to a section is a reference to that section in the Copyright Act 1987, unless otherwise stated);

(8) Interest at 8%pa on all the damages awarded, from the date of judgment to the date of realisation;

(9) Costs; and

(10) Further or other reliefs.

FINDING OF FACTS

[2] The trial reveals that the plaintiff is a private limited company carrying on the business of manufacturing and distributing anti-car theft system ('the anti-theft system') made specifically for Proton Iswara, Proton Wira, Proton Perdana, Proton Satria, Perodua Kancil, Perodua Kembara and Perodua Kenari cars ('the cars') sold under the trademark 'THEF-PRO' since 1991.

[3] The plaintiff is the owner of the copyright subsisting in the drawings of the metal components which make up the anti-theft system, being artistic work and three-dimensional reproductions of the drawings thereof. (For convenience, in this judgment, the words 'work' and 'works' are used interchangeably).

[4] The defendant (DW2) is the sole proprietor of a business, selling car accessories.

[5] The plaintiff adduced evidence that the defendant has infringed and is continuing to infringe the plaintiff's copyright by distributing, selling, offering or exposing for sale metal components, of an anti-theft system, sold under the trademark 'SAFETY-FIRST ANTI-CAR THEFT SYSTEM', which are reproductions of the whole work or substantial reproductions of the plaintiff's artistic work in the drawings of the metal components in Malaysia without the plaintiff's licence or consent.

[6] The plaintiff has previously obtained consent judgments against three other parties viz the manufacturers Wymond Auto Accessories; Mobilesave Trading; and Soon Yi Engineering & Trading (collectively 'the manufacturers'), for infringement of the plaintiff's copyright by manufacturing and selling reproductions of the drawings under their trademarks 'SAFETY-POINT' and 'SAFETY-FIRST'.

[7] In the consent judgment, the parties have, inter alia:

(a) agreed and acknowledged that the plaintiff is the copyright owner of the drawings of the metal components of an anti-theft system made for the cars which were sold under the trademark 'THEF-PRO';

(b) agreed to cease infringing the copyright of the plaintiff and/or passing-off the metal components of an anti-theft system not of the plaintiff's manufacture, as and for the metal components of the plaintiffs anti-theft system for the cars; and

(c) agreed to deliver up to the plaintiff all products which were infringing the plaintiff's copyright, including all infringing metal components and/or the boxes where the same were placed, and metal components of an anti-theft system sold under the trademarks 'SAFETY-FIRST' and 'SAFETY-POINT'.

[8] The plaintiff has also obtained settlements and judgments against other retailers including Cosplus Auto Mart Sdn Bhd.

[9] In effect, the manufacturers have *admitted to infringing the plaintiff's* copyright.

[10] Since the defendant was selling and distributing to the public infringing goods under the mark 'SAFETY-FIRST ANTI-CAR THEFT SYSTEM', it follows that the defendant has also infringed the plaintiff's copyright in the drawings.

[11] The defendant had business dealings with and sold the anti-theft system bearing the trademark 'SAFETY-FIRST' to one Mr Kelvin Lee of Mobilesave Trading which is based in Melaka.

[12] By way of a trap purchase conducted by the plaintiff's manager (PW2), the plaintiff obtained evidence that the defendant was selling, offering for sale and distributing the infringing goods.

[13] The defendant admitted that the plaintiff's manager has purchased '1 SET ISWARA BRACKET' from the defendant. This was also seen by one Ho Chia Jui (PW3) immediately after the plaintiff's manager left the defendant's premises, thereby corroborating the evidence of the plaintiff's manager.

SUBSISTENCE OF COPYRIGHT

[14] Learned defence counsel Mr Peter CS Gan submitted that the plaintiff had failed to establish that sufficient effort has been expended on the artistic work and so it is not eligible for copyright under s 7(3).

[15] Miss Wendy Lam Mei Kuan, the plaintiff's learned counsel, argued that the plaintiff's drawings were produced with sufficient effort.

[16] In my judgment, the question ie whether the plaintiff has expended sufficient effort to make the work original in character and eligible for copyright is one of mixed law and fact.

[17] I shall consider the law first. A

[18] Before the amendment on 1 September 1999, s 3 defined 'artistic work' as including paintings, drawings, etchings, lithographs, woodcuts, engravings and prints and any three dimensional work thereof. This was the relevant law in force in relation to the instant case which concerns the events in 1991. B

[19] Section 7(1)(c) provides that artistic works are eligible for copyright. C

[20] Section 7(2) provides that works are protected irrespective of their quality and the purpose for which they are created.

[21] Section 7(3) spells out, inter alia, the conditions precedent to qualify as copyright. An artistic work shall not be eligible for copyright unless: D

(a) sufficient effort has been expended to make the work original in character; and

(b) the work has been written down, recorded or otherwise reduced to material form. E

[22] *Copinger and Skone James on Copyright* [1991] para 3-32 p 60 explains the degree of independent skill or labour required, as follows: F

> Degree of independent skill or labour required. It is clear that the standard of originality required by the Copyright Acts is a low one, but it is almost impossible to define in any precise terms the amount of knowledge, labour, judgment or literary skill or taste which the author of a work must bestow on its composition in order for it to acquire copyright. It is here that the real difficulty lies. There is no guiding principle as to the quantum of skill or judgment required. Simplicity, as such, is not enough to prevent copyright subsisting unless extreme, such as a straight line, or a circle. In the absence of clear guidance on the question, all that is left is to examine the decisions on the point as indicative of the degree of skill and labour which the courts have considered requisite in various sets of circumstances. G H

[23] Decisions of the courts which have provided the sources of illuminations include *Re AUVI Trademark; Auvi Pte Ltd v Seah Siew Tee & Anor* [1992] 1 SLR 639 at P 648. There, Chao Hick Tin J of the Singapore High Court, in deciding whether the AUVI logo (which contains nothing more than just embellishment of four ordinary letters of the alphabet) constituted an artistic work and thus enjoyed copyright protection under the relevant Act in force in Singapore, said: I

> The law on this is clear. Originality in this regard does not mean novelty or uniqueness; nor does it necessarily involve inventiveness. All that needs to be shown is that the author created it and has not copied it from another, and that he has expended towards its creation a substantial amount of skill or labour. What will be the exact amount of skill, labour or judgment required cannot be defined in precise terms: see Lord Atkinson in *Macmillan & Co Ltd v Cooper (K & J)* (1923) 40 TRL 186 at p 190.
>
> The cases would appear to show that simplicity per se does not prevent a work from acquiring copyright; see *British Northrop Ltd v Texteam Blackburn Ltd* [1974] RPC 57 and KARO STEP Trade Mark [1977] RPC 255. Even drawings of things in common use such as engines and gear boxes are copyrightable: see *Nichols Advanced Vehicle Systems Inc v Rees* [1979] RPC 127. I think this statement of Megarry J in *British Norlthrop Ltd* at p 68 says it all: 'A single straight line drawn with the aid of a ruler would not seem to me a promising subject for copyright.
>
> But apart from cases of such barren and naked simplicity as that, I should be slow to exclude drawings from copyright on the mere score of simplicity. I do not think that the mere fact that a drawing is of an elementary and common place article makes it too simple to be the subject of copyright.

[24] In Malaysia, further inspiration is available in the judgment of Siti Norma Yaacob J (later CJ(M)) in *Peko Wallsend Operations Ltd & Ors v Linatex Process Rubber Bhd and another action* [1993] 1 MLJ 225 (HC), which was affirmed by the Supreme Court: see [1994] 3 MLJ lxx. Her Ladyship held that:

(1) engineering drawings are included in the definition of artistic work under s 3 and qualify for protection under the copyright law; and

(2) under s 3, copyright not only vests in the engineering drawings (two-dimensional) as 'artistic works' but has been extended and enlarged to cover the finished products (three dimensional) as well and which have been manufactured from the drawings.

[25] The above consideration of the law must now be followed by the facts. The evidence of the plaintiff's managing director (PW1) reveals that the plaintiff's drawings were completed almost 20 years ago, ever since 1990. He has expended substantial amount of skill, labour and effort to make and create the plaintiff's drawings, which go well beyond a single straight line drawn with the aid of a ruler. The plaintiff had not copied the drawings from other sources. The artistic work is therefore original.

[26] The facts of the instant case demonstrate clearly that the plaintiff's artistic work comes within the ambit and purview of s 7(3)(a) ie in terms of sufficient effort which had been expended to make the artistic work original in character, and the degree of effort, skill or labour expended is inextricably linked to the originality of the work.

[27] It is evident that the plaintiff's rights cover not only the drawings of the metal components for an anti-theft system but extends to the metal components thereof which the plaintiff has manufactured, based on the drawings.

[28] In the circumstances, I hold that the copyright (of the drawings and the metal components for the anti-theft system which are three-dimensional reproductions of the drawings) subsists in favour of the plaintiff.

COPYRIGHT OWNERSHIP

[29] The defendant says that the plaintiff is not the owner of the copyright, because:

(1) PW1, being the author of the drawings, is the first copyright owner; and

(2) PW1, being the plaintiff's managing director, cannot be an employee of the plaintiff, in which case, the copyright is not transferred to the plaintiff but remains vested in PW1.

[30] The plaintiff contended to the contrary on the basis of the factual matrix of the case.

[31] The above submissions call for my analysis of s 26 which governs the ownership of copyright in the following words:

> 26 First ownership of copyright
>
> (1) Copyright conferred by section 10 shall vest initially in the author.
>
> (2) Notwithstanding subsection (6) of section 27, where a work —
>
> (a) is commissioned by a person who is not the author's employer under a contract of service or apprenticeship; or
>
> (b) not having been so commissioned, is made in the course of the author's employment,
>
> the copyright shall be deemed to be transferred to the person who commissioned the work or the author's employer, subject to any agreement between the parties excluding or limiting such transfer.

[32] The provisions of s 26 generally and s 26(2)(b) specifically must be examined in the light of the evidence adduced at the trial.

[33] There is evidence that the plaintiff's managing director carries a dual

A capacity. On the one hand, he is the managing director. On the other hand, he is the designer of the anti-theft system and the artist of the drawings of the metal components which make up the anti-theft system.

[34] The fact that he is the managing director does not mean that he is not
B an employee. The plaintiff's organisation is a typical Chinese family business. The plaintiff has three directors; the other two being his wife and his brother. In the whole company, the managing director ie the plaintiff is the major shareholder. When he started the business with this idea, everything was done by him. As the managing director, he does almost everything for the plaintiff.
C The plaintiff employs and pays him a salary to create the drawing for the plaintiff.

[35] With particular reference to a typical Chinese family business, Walter Woon on *Company Law* (2nd Ed) at pp 217 and 221 gives a description of the set-up as follows:
D

> Firstly, there is the executive director. An executive director is a person who works for the company on a more or less full-time basis, possibly under a contract of service. Typical of the breed is the managing director, who, as his title implies, actually manages the company. However, in many small informally run companies (eg the typical Chinese family business) all the directors may be executive to a
E greater or lesser extent, although the exact scope of their executive powers may not necessarily be exhaustively defined.

[36] On principle, I am unable to see any reason why a director or a managing director cannot be an employee of the company. In *Inchape*
F *Malaysia Holdings Bhd v RB Gray & Anor* [1985] 2 MLJ 297, the Supreme Court held that:

> The contract of employment may in a particular case provide for employee as a director.
>
> A governing director who is also the controlling shareholder of a company may at
G the same time be an employee of it; being employed as its chief pilot: *Catherine Lee v Lee's Air Farming Ltd* [1961] AC 12 (PC).

[37] In the instant case, I find that the plaintiff has paid the managing director who is an employee of the plaintiff in order to design the anti- theft
H system. I am therefore of the view that the copyright (subsisting in the drawings which were produced by the managing director as the author in the course of his employment) is, pursuant to s 26(2)(b), deemed to be transferred to the employer, the plaintiff.

I INFRINGEMENT

[38] A consideration of the issue of infringement revolves around an examination of the nature of copyright under s 13(1) and the infringement thereof under s 36(1).

[39] Section 13(1) provides for the nature of copyright in, inter alia, artistic work. Copyright in an artistic work gives the exclusive right to control:

(a) the reproduction in any material form;

(b) …

(c) …

(d) …

(e) the distribution of copies to the public by sale or other transfer of ownership;

(f) …

of the whole work or a substantial part thereof, either in its original or derivative form.

[40] Section 36(1) provides for copyright infringement as follows:

36 Infringements.

(1) Copyright is infringed by any person who does, or causes any other person to do, without the licence of the owner of the copyright, an act the doing of which is controlled by copyright under this Act.

[41] The essential elements constituting copyright infringement have been set out by Sir Rymond Evershed MR in *Purefoy Engineering Co Ltd v Sykes Boxall & Co Ltd* (1955) 72 RPC 89. Prof Dr Khaw Lake Tee adopted these elements in *Copyright Law in Malaysia* [1994] at pp 87 and 88 as follows:

For purposes of direct infringement, it must be established that:

(a) there is *sufficient objective similarity* between the original work or a substantial part thereof, and the infringing copy;

(b) there is a causal connection between the original work and the infringing copy, that is, the infringing copy must have been copied from the original work, whether directly or indirectly; and

(c) what has been infringed must constitute a Substantial Part of The Original Work.

(Emphasis added)

[42] There could be infringement even though the imitation is not an exact replica. It does not matter whether the size of the copy has been increased or reduced, or whether the whole or part of the original was copied. There need

A not be an exact reproduction, but there must be a high degree of similarity between the two: *AUVI Trademark* per Chao Hick Tin J.

[43] In copyright law, once substantial similarity is established, a prima facie presumption of copying by the defendant arises and the burden is B shifted to the defendant to rebut the *causal connection*. Where the defendant has failed to rebut this presumption, the second element is fulfilled.

[44] The third element ie whether what has been infringed was a substantial part of the plaintiffs work, has been dealt with in *Longman* C *Malaysia Sdn Bhd v Pustaka Delta Pelajaran Sdn Bhd* [1987] 2 MLJ 359 at p 364. Gunn Chit Tuan J (later CJ(M)) held that this is a matter of fact and degree, not because of the physical amount of the reproduction but because of the substantial significance of that which was copied.

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[45] For the purpose of establishing the third element, a practical approach was adopted in *Stesin Pty Ltd and Another v Johnson and Others* [1995] 29 IPR 461, where a comparison was made of two almost identical plans.

E **[46]** Reverting to the mainstream of the instant case, in order to determine whether the defendant has committed copyright infringement, I had embarked on a visual comparison between the plaintiff's drawings (and the components which were made from the drawings) and the defendant's metal components. As can be seen, when comparing the metal components found F in the 'SAFETY-FIRST ANTI-CAR THEFT SYSTEM' sold by the defendant, with the plaintiff's metal components and drawings, there exists substantial objective similarity between them. I find that a substantial part of the defendant's metal components are identical and/or substantially similar to the metal components or the drawings of the plaintiff.

G

[47] The fact that the defendant has sold and is selling anti-theft system undoubtedly establishes an infringement of copyright on the part of the defendant under s 13(1)(e) ie by distributing infringing copies to the public by sale. The right to distribute the work or any reproduction thereof is vested H exclusively on the copyright owner or its licensee and this right extends to copies or any reproduction of the works.

UNLAWFUL INTERFERENCE WITH TRADE

I **[48]** The elements which constitute the tort of unlawful interference with trade or business are:

(1) Interference with the plaintiff's trade or business;

(2) Unlawful means;

(3) Intention to injure the plaintiff; and

(4) The plaintiff is injured thereby.

(See *Bullen & Leake & Jacob's Precedents of Pleadings* [1990] p 464).

[49] Although unlawful interference with trade is a developing tort and of uncertain ambit, its existence is beyond doubt and certain of its features are clearly defined. In *H & R Johnson (Malaysia) Bhd v H & R Johnson Tiles Limited & Anor* [1995] 2 CLJ 581 at p 593, Zakaria Yatim (later FCJ), citing authorities, said:

> … If one person deliberately interferes with the trade or business of another, and does so by unlawful means, that is, by an act which he is not at liberty to commit, then he is acting unlawfully, even though he does not procure or induce any actual breach of contract: *Torquay Hotel Co Ltd v Cousins & Ors* [1969] 2 Ch 106, 139 per Lord Denning MR.

[50] By selling, offering for sale and distributing an anti-theft system which is infringing the plaintiff's copyright, the defendant has interfered with the plaintiff's trade.

[51] The unlawful means employed here is the act of selling, offering for sale and distrubuting an infringing copy of the plaintiff's anti-theft system.

[52] As a result of the defendant's unlawful interference with the plaintiff's trade, the plaintiff's goodwill and reputation have been injured with direct and indirect negative consequence on the plaintiff's sales.

[53] In the circumstances, I find that the defendant is liable to the plaintiff for the tort of unlawful interference with the plaintiff's trade or business.

DEFENCE

[54] The defence, for both copyright infringement and unlawful interference with the plaintiff's trade, is that the defendant did not sell any 'SAFETY-FIRST ANTI CAR THEFT SYSTEM' to the plaintiff's manager. However, the defendant admits having sold to the plaintiff's manager '1 SET ISWARA BRACKET' which, the defendant claims, refers to a power window regulator.

[55] DW1, who had more than 20 years experience in this business confirmed that, in the car accessories industry, the word 'bracket' refers to the metal components of the anti-theft protecting cover system as well as the power window regulator. Under cross-examination, DW1 agreed that one of

the accepted definitions of bracket is a *simple rigid structure* in the shape of alphabet L, one arm of which is fixed to a vertical surface, while the other is projecting horizontally to support a shelf or other weight.

[56] According to the defendant (DW2), he has actually sold '1 set power-window bracket for Proton Iswara car' to the plaintiff's manager. The defendant claimed that the word 'bracket' was used to denote the regulator component of a 4-part component in a power window system, while the other components are: motor, mirror and switch. In any event, the defendant admitted that he has on previous occasions used the word 'bracket' to refer to the anti-theft system, not merely on the occasion when he sold '1 SET ISWARA BRACKET' to the plaintiff's manager. Indeed, the defendant has issued a cash sale bill to the plaintiff's private investigator where he wrote '1 SET SATE TEC CAR LOCK BRACKET' (exh P44) which is made up of metal components like the plaintiff's product.

[57] PW1's evidence reveals that:

(1) a power window regulator itself consists of a combination of a pulley and a wire cable; and

(2) with the wire cable in this regulator, it cannot be called a 'bracket'.

[58] PW5 testified that a regulator controls the upward and downward movements of a car window. It is therefore not a bracket. If PW5 wishes to order a regulator, he will describe it as a regulator and not a bracket. A bracket and a regulator are therefore different.

[59] The evidence before me is demonstrably clear. It shows that there is a distinction between the ordinary meaning of the word 'bracket' and its meaning in the car accessories business. Upon weighing the evidence in its entirety, I adopt the meaning and usage of the word 'bracket' in the car accessory business, which is the subject matter of the instant case. The explanation given by the defence that the word 'bracket' does not refer to the anti-theft system but to a power window regulator cannot hold water. Indeed, it runs counter to the ordinary dictionary meaning of the word 'regulator'. Dictionary.com defines 'regulator' as follows:

((1)) a person or thing that regulates.

((2)) Horology.

(a) an adjustable device in a clock or a watch for making it go faster or slower.

(b) a master clock, usually of great accuracy, against which other clocks are checked.

((3)) Machinery.

(a) a governor mechanism for regulating the flow of fuel, steam, etc, to an engine in order to maintain constant speed under varying load or resistance.

(b) a valve for regulating the pressure of flowing gas or liquid to maintain a predetermined pressure.

(c) any of the various mechanism for maintaining a temperature, a level of liquid in a tank, etc.

((4)) Electricity a device for maintaining a designated characteristic, as voltage or current, at a predetermined value, or for varying it according to a predetermined plan.

((5)) a device on scuba equipment for regulating the rate at which compressed air is fed through a breathing tube in proportion to the depth of water.

((6)) a device for maintaining a constant gas pressure.

((7)) (initial capital letter) American History.

(a) a member of any of several bands or committees in North Carolina (1767-71), formed to resist certain abuses, as extortion by officials.

(b) (in newly settled areas) a member of any band or committee organized to preserve order before the establishment of regular legal authority.

[60] As the comprehensive range of meanings for the word 'regulator' bears no relation whatsoever to any 'bracket' at all, I hold that the defence advanced for the defendant fails.

REMEDIES

[61] Civil remedies available to the plaintiff (the copyright owner) who succeeds in an action for infringement of his copyright are expressly stated in s 37. These remedies include, inter alia, damages, injunction and accounts: s 37(1).

[62] Section 37(2) provides for additional damages in the following words:

(2) Where in an action under this section, an infringement of copyright

is proved or admitted, and the court, having regard, in addition to all other material considerations to —

(a) the flagrancy of the infringement; and

(b) any benefit shown to have accrued to the defendant by reason of the infringement,

is satisfied that effective relief would not otherwise be available to the plaintiff, the court in assessing damages for the infringement, shall have power to award such additional damages by virtue of this subsection as the court may consider appropriate in the circumstances.

LIABILITY ON INFRINGEMENT AND INTERFERENCE

[63] The plaintiff has succeeded in establishing the claim against the defendant, based on the infringement of the plaintiff's copyright and unlawful interference with the plaintiff's trade or business.

[64] Applying s 37(1) and (2), I grant the following orders:

(a) Injunction: prayer (1);

(b) An order of delivery up: prayer (2);

(c) An order of disclosure: prayer (3);

(d) Damages to be assessed: prayers (4), (6) and (7);

(e) Interest at 8%pa: prayer (8); and

(f) Costs to be taxed: prayer (9).

[65] The above judgment on liability was delivered on 11 December 2008.

PRINCIPLES GOVERNING ASSESSMENT OF DAMAGES

[66] The principles governing assessment of damages with specific reference to the tort of infringement of copyright may be set out as follows:

(1) The successful plaintiff in an infringement action is entitled to restitutio in integrum, by way of compensation for any harm, caused to him, which flows directly and naturally from the tortious act: *General Tyre and Rubber Co v Firestone Tyre & Rubber Co* [1976] RPC 197 (HL).

(2) The court in assessing damages may:

(a) treat the damages as being at large, awarding an amount which it

thinks appropriate in the circumstances of the case: *A-One Accessory Imports Pty Ltd & Ors v Off Road Imports Pty Ltd & Ors* (1996) 144 ALR 559 (FC) of Australia; or

(b) apply the 'licence fee' approach: *Autodesk Australia Pty Ltd and Another v Cheung* (1990) 94 ALR 472 (FC) of Australia;

(3) The 'at large' approach is to be preferred when it is impractical to use the 'licence fee' approach, in particular where licences are not used in the plaintiff's business and the plaintiff sells its products directly and indirectly through authorised dealers: *Autodesk Australia Pty Ltd and Another*;

(4) In the assessment of damages at large, the court may consider:

(a) the depreciation caused by the infringement to the value of the copyright as a chose in action *Sutherland Publishing Co Ltd v Caxton Publishing Co Ltd* [1936] Ch 323 at P 336 per Lord Wright MR (CA);

(b) the fact that a pirated work has injured the reputation of the copyright owner and vulgarised the original work: *Hanfstaengl v WH Smith & Sons* [1905] 1 Ch 519 (HC); and

(c) the 'loss of sales' resulting from the infringing acts: *Prior v Lansdowne Press Pty Ltd* [1977] VR 65 SC of Victoria;

(5) The court would award a fair figure for compensation, as expressed by Laddie et al in *Modern Law of Copyright and Designs* [2000] para 39.40 p 1793 in the following passage:

> Although the onus is upon the claimant to show what damage has been suffered, it is not necessary to prove any particular damage in order to succeed since the court will normally assume that the defendant's wrongful acts have caused harm and if the quantification of it is difficult, or not susceptible of mathematical accuracy, a fair figure for compensation will be awarded.
>
> …
>
> If the defendant is in direct competition with the claimant, the latter may be justified in saying that his business has been harmed over and above the direct financial loss suffered by reason of lost sales and if the court accepts that, the damage will be increased in order to compensate for the additional harm.
>
> …
>
> Alternatively the claimant may be forced to reduce the price of his products in order to stay in the business in which case the court will add to the damages awarded suitable compensation for the forced loss of profits on sales made by the claimant.;

(6) Section 37(2) allows the award of additional damages, having regard to:

(a) the flagrancy of the infringement;

(b) any benefit which may have accrued to the defendant by reason of the infringement; and

(c) all other material considerations, including defendant's conduct;

(7) For the purpose of s 37(2), 'flagrancy' means 'the existence of scandalous conduct, deceit and such like', including 'deliberate and calculated copyright infringements, infliction of humiliation and loss, and dishonesty' *Ravencroft v Herbert* [1980] RPC 193 at 208 (HC) where:

(a) the defendant's conduct in distributing pirate computer programs was hard to track down; and

(b) when the defendant was caught, he denied all knowledge and refused to answer interrogatories designed to reveal the extent of the infringements, as a result of which the court inferred that there must have been more pirate programs that the few that happened to be on his premises when a search order was executed; and

(8) A generous round sum may be awarded: Laddie et al, *Modern Law of Copyright and Designs* para 39.42 referring to *Autodesk Australia*.

[67] The above principles apply mutatis mutandis to the tort of unlawful interference with trade or business.

THE EVIDENCE

[68] Assessment of damages was held on 22 and 23 December 2008, and evidence was adduced for the respective parties.

[69] The plaintiff's managing director (PW1) testified that the plaintiff's dealers and agents including one Chew Soon Foo (PW4) sold 50–60 sets of the plaintiff's anti-theft system every month in 1998; less in 1999 and a few in 2000. Ever since 2001, the plaintiff's dealers and agents stopped taking supplies from the plaintiff, to the extent that the plaintiff had lost all the dealers and agents for the whole state of Melaka.

[70] As a result of the complete loss of these dealers and agents in Melaka, because of the copyright infringement caused by the defendant, the entire

Theft-Pro business of the plaintiff has dropped drastically. The plaintiff had only 6–7 dealers/agents left, for the whole of Malaysia. Around 2001–2002, the plaintiff could sell an average number of 4500 sets per month. Thereafter, the plaintiff could only sell about 200 sets per month. The selling price of one set of Theft-Pro has also dropped substantially from an average of RM350 per set to RM180 per set.

[71] PW1 set out his calculations in exh P53A with respect to the losses which the plaintiff had suffered. The essence thereof is summarised as follows:

(1) Loss in Dealer/Agent Sales (Melaka only)

(a) Duration: From 2001 to 2008–8 years

(b) Number of sets: 50–60 sets per month (according to SP4). Average: 55 sets per month

(c) Calculation based on wholesale price less costs: 55 sets x (RM40-RM10) x 12 months x 8 years = RM 158,400

(d) Number of dealers lost in Melaka: 3

(e) Total loss from dealers/agents = RM 158,400 x 3 = RM475,200

(2) Loss in company sales (Melaka only)

(a) Duration: From June 2002–December 2008 = 6/4 years

(b) Number of sets: 10 per month

(c) Calculation based on market selling price less operating costs: 10 sets x (RM350 - RM185) x 12 months x 6.5 years = RM128,700

(3) Loss as per evidence given at trial
RM40,500 for 18 months

(4) TOTAL LOSS: (RM475,200 + RM128.700 + RM40,500) = RM644,400

[72] In relation to the plaintiff's evidence, the defendant has not adduced any evidence to the contrary. Instead, he testified on other matters which have no relevance to assessment of damages.

[73] In this regard, the plaintiff has, as far back as 2003, served the notice to produce dated 3 February 2003, requiring the defendant to produce all documents related to his purchase from Mobilesave Trading, the manufacturer/supplier of 'Safety First Anti Car Theft' system but the defendant had refused to comply therewith.

A [74] The plaintiff's Thef-Pro business has been utterly ruined. The defendant has certainly contributed to the destruction of the plaintiff's business or trade, at the very least in Melaka.

B [75] The plaintiff should therefore be awarded damages commensurate with the loss that the plaintiff has suffered, in line with the principle of restitutio in integrum.

C [76] As it is evident that the defendant has not in any way rebutted the plaintiff's computation adduced at the proceedings for assessment of damages, I hold that the plaintiff's computation contained in exh P53A should be accepted and sustained.

D [77] By way of measure of damages, I therefore award the sum of RM644.400 being the total loss which the plaintiff has suffered, together with interest at 8%pa from the date of judgment ie 22 December 2008 to the date of realisation, in addition to costs awarded and other orders made in relation to the judgment on liability.

E *Plaintiff's claim allowed.*

Reported by Ashgar Ali Ali Mohamed

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